

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Market Dominant Product Prices  
Bilateral Agreement Between United States Postal  
Service and Singapore Post Limited (MC2010-35)  
Negotiated Service Agreement

Docket No. R2014-5

PUBLIC REPRESENTATIVE COMMENTS

(February 25, 2014)

The Public Representative hereby provides comments pursuant to Order No. 1988.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service's Notice of a Type 2 rate adjustment to a bilateral agreement with Singapore Post Limited (2014 Modified Singapore Post Agreement).<sup>2</sup>

In Order No. 995, the Commission determined that a bilateral agreement with Singapore Post Limited (Singapore Post Agreement) should be included in the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-35, R2010-5 and R2010-6) product.<sup>3</sup> In Orders Nos. 1610 and 1776, the Commission

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<sup>1</sup> Notice and Order Concerning Modification of Bilateral Agreement with Singapore Post Limited, February 18, 2014. (Order No.1988).

<sup>2</sup> Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, February 12, 2014 (Notice).

<sup>3</sup> See, Docket No. R2012-1, Order No. 995, Order Approving Rate Adjustment for Singapore Post-United States Postal Service Letter Post Bilateral Agreement Negotiated Service Agreement, November 23, 2011 (Order No. 995). The Singapore Post Agreement, subject to this Order, concerns inbound Letter Post small packets with delivery confirmation. *Id.* at 2.

approved the modifications to Singapore Post Agreement,<sup>4</sup> including the extension of the agreement and revision of the rates in Annex 1 of the agreement.<sup>5</sup> (Modified Singapore Post Agreements).

The 2014 Modified Singapore Post Agreement (1) extends the agreement filed in Docket Nos. R2012-1, R2013-5, and R2013-6 until March 31, 2015 and (2) adds one sentence to Annex 2 of the Singapore Post Agreement. Notice at 2.<sup>6</sup>

The Postal Service asserts that the 2014 Modified Singapore Post Agreement is very similar to the predecessor agreement that is subject of Docket No. R2013-8. The Postal Service believes that the existing differences do not detract from the conclusion that the 2014 Modified Singapore Post Agreement is functionally equivalent to its predecessor agreement in the “Inbound market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product grouping”. Notice at 9.

## COMMENTS

The Public Representative has reviewed the 2014 Modified Singapore Post Agreement as well as the financial data and the model filed under seal that accompanies the Postal Service’s Notice. Based upon that review, the Public Representative concludes that the 2014 Modified Singapore Post Agreement is consistent with the criteria in 39 U.S.C. § 3622(c)(10). In addition, the Public representative concludes that the 2014 Modified Singapore Post Agreement is functionally equivalent to the agreements within the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product.

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<sup>4</sup> Prior modifications to Singapore Post Agreement previously filed in Docket Nos. R2013-5 and R2013-8 are also filed in the current docket. Notice, Attachment 4 and 5. A redacted copy of the Singapore Post Agreement filed in Docket R2012-1 is provided in Attachment 3 to the Notice.

<sup>5</sup> Docket No. R2013-5. Order Approving an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 (with Singapore Post) Negotiated Service Agreement, January 3, 2013 (Order No. 1610); Docket No. R2013-8, Order Approving Modification to Singapore Post Limited-United States Postal Service Bilateral Agreement, June 26, 2013 (Order No. 1776).

<sup>6</sup> As it was requested by the Commission in Order No 1988, the Postal Service provided the clarification in regards to this additional sentence. See, Response of the United States Postal Service to Request for Supplemental Information, February 24, 2014.

*Statutory Criteria.* Under 39 U.S.C. § 3622(c)(10), the criteria for the Commission's review of the Modified Singapore Post Agreement are whether the agreement: (1) improves the net financial position of the Postal Service or enhances the performance of operational functions; (2) will not cause unreasonable harm to the marketplace; and (3) will be available on public and reasonable terms to similarly situated mailers. With respect to criteria (2) and (3), the Postal Service makes fairly reasonable arguments that these criteria are not implicated by the 2014 Modified Singapore Post Agreement. Notice at 5-6

With respect to criterion (1), based on the analysis of financial spreadsheets filed under seal, the Public Representative concludes that the rates under the 2014 Modified Singapore Post Agreement should generate more contribution for the Postal Service than the applicable UPU terminal dues rates that would apply absent a bilateral agreement.<sup>7</sup> Pursuant to 39 U.S.C. § 3622(c)(10), the 2014 Modified Singapore Post Agreement should continue to enhance the operational performance of the Postal Service. Notice at 5.

*Functional Equivalence.* The Commission has previously determined that the Singapore Post Agreement is functionally equivalent to the agreements within the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product. Order No. 995 at 5-6, Order No. 1610 at 6 and Order No 1776 at 4. Other than extending the expiration date of the Singapore Post Agreement and adding the sentence in Annex 2, the 2014 Modified Singapore Post Agreement does change the terms of the previous Singapore Post Agreement subject to Docket No. R2013-8. The Public Representative concludes that such modifications do not materially change the terms of the previous Singapore Post Agreement and, therefore, the 2014 Modified Singapore Post Agreement is functionally equivalent to the agreements within the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product.

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<sup>7</sup> The Public Representative has noticed that under current circumstances, the projected cost coverage is below 100 percent, and is significantly less than those reported in FY 2013 ACR for R2013-8. See, USPS-FY13-NP2 Revised\_2-6-14. However, the 2014 Modified Singapore Post Agreement, when compared to UPU rates, improves the net financial position of the Postal Service.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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